weekly economic review

August 3, 2012

Canadian GDP by Industry

Economic growth cools

Canada's real GDP growth slowed in May, held back by a contraction in the manufacturing, and transportation & warehousing. GDP by industry crept up 0.1% in May, easing from the 0.3% pace set in April. The modest gain was supported by increases in retail trade (0.7%), mining and oil & gas extraction (0.6%), and accommodation & food (0.6%). On a year-over-year basis, the Canadian economy grew 2.4% in May, led by gains in mining and oil & gas extraction (see Chart below).

Rigs Drilling

Drilling activity below 2011 level in July

For the second consecutive month, the average number of rigs drilling fell on a year-over-year basis in July. Drilling activity in Alberta's oil and gas industry was down 17.5% from July 2011. However, in the first seven months of the year, rigs drilling is still slightly above (+0.6%) the same period last year. Nationally, rigs drilling fell 16.3% year-over-year in July.

RMPI and IPPI

Raw materials and industrial prices retreat

The raw materials price index (RMPI) and the industrial product price index (IPPI) both retreated in June, by 4% and 0.4% respectively. A large decline in the price of mineral fuels drove down the RMPI, while lower prices for petroleum and coal products weighed on the IPPI.

International Developments

US job growth picks up

South of the border, the labour market posted its strongest job gain since February. The US added 163,000 to non-farm payrolls in July, marking the first monthly gain over 100,000 since March. Gains were entirely concentrated in the private sector, as the public sector continued to shed jobs. Professional & business services, education & health services, and leisure & hospitality led all industries in employment growth.

However, the unemployment rate, which is calculated from a separate survey, remained elevated at 8.3%, up from 8.2% in June.

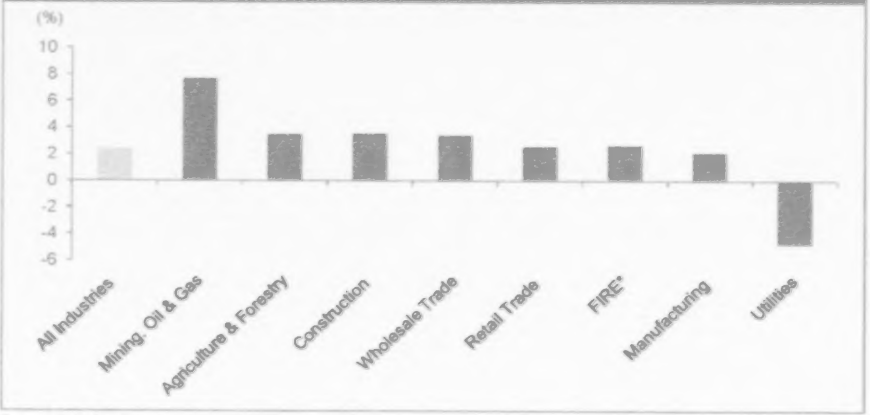
US Federal Reserve Board maintains the current target rate

The US Federal Reserve Board kept its target interest rate at between 0% and 0.25% this week. It also reiterated its conditional commitment to hold this rate at exceptionally low levels through late 2014. In explaining its decision, the Board noted that the labour market remains weak and inflation pressures contained.

PMI signals a slower pace of manufacturing expansion in Canada and the US

The HSBC purchasing managers index (PMI) , which broadly measures activity in the manufacturing sector, stayed in expansion territory in Canada and the US in July. However, the PMI in both countries fell below June's level, indicating a slower pace of expansion. Canada's PMI sits at 53.1 compared to 51.4 in the US (a reading above 50 indicates expansion). China's manufacturing sector nearly escaped contraction territory, as its PMI reading hit a five-month high of 49.3.

Canadian Real GDP by Major Industry in May (year-over-year change)



Source: Statistics Canada
*Finance, Insurance & Real Estate

Closing Prices	July 26, 2012	August 2, 2012	2012–13 Fiscal YTD
Canadian Dollar (US¢/$CAN)	99.03	99.36	96.89
WTI Oil ($US/bbl)	$89.39	$87.13	$91.90
NYMEX Natural Gas ($US/MMBtu)	$3.11	$2.92	$2.51

Alberta Economic Indicators[1]

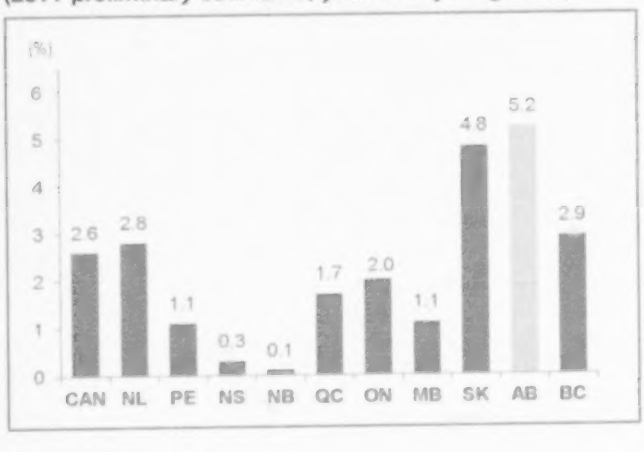
Population	2010	2011	2012YTD	Feb	Mar	Apr	May	Jun	Jul
Population[2] (000s)	3,721	3,779	3,847			3,847	--	--	
% change	1.3	1.6	2.0			2.4	--	--	
Net Interprovincial Migrants[3] (level)	3,271	13,660	22,542			13,396	--	--	
Net International Migrants[3] (level)	21,783	14,003	17,506			8,671	--	--	
Net Non-permanent Residents[3] (level)	-125	7,998	5,042			2,642	--	--	
Labour Market									
Employment (000's)	2,018	2,095	2,139	2,136	2,132	2,143	2,153	2,144	
% change	0.4	3.8	3.4	2.8	3.1	1.9	4.1	2.7	
Unemployment Rate (%)	6.5	5.5	4.9	5.0	5.3	4.9	4.5	4.8	
Participation Rate (%)	72.8	73.7	73.8	73.3	74.0	73.9	73.7	73.5	
Average Weekly Earnings ($)	900.29	1,038.69	1,056.23	1,054.80	1,054.38	1,056.84	1067.08	--	
% change	4.6	4.6	2.4	2.4	2.1	2.7	1.4	--	
Price Indices									
Consumer Price Index	1.0	2.4	1.5	1.0	1.3	0.8	0.4	1.5	
Excluding food and energy	0.7	0.8	1.5	1.0	1.9	2.1	1.5	1.6	
Non-Res. Building Const. Price Index[4]	0.1	3.4	4.5	--	4.5	--	--	--	
Farm Product Price Index	1.5	17.2	4.1	9.2	2.0	--	--	--	
Crops	9.7	18.5	-3.0	3.9	4.4	--	--	--	
Livestock	5.7	17.2	10.9	9.3	8.2	--	--	--	
Household Sector									
Housing Starts (SAAR) (000s)	26.9	25.5	33.4	40.1	35.6	39.4	23.4	31.5	
% change	34.8	-5.2	49.9	42.7	70.3	78.3	-33.1	41.9	
New Housing Price Index[4]	0.5	0.4	0.8	0.2	0.8	1.2	1.0	--	
Edmonton	0.8	0.9	0.9	0.1	0.8	1.3	1.1	--	
Calgary	1.7	-0.1	0.6	0.4	0.8	0.9	0.8	--	
MLS Average Resale Price ($,000's)	350.9	352.7	358.5	360.5	359.0	362.5	365.5	353.8	
% change	3.1	0.5	1.5	1.2	2.5	1.3	3.9	-2.5	
Edmonton ($,000's)	326.5	324.2	332.4	334.5	331.9	327.9	333.7	332.3	
% change	2.3	-0.7	3.2	4.8	2.6	-3.3	4.0	3.8	
Calgary ($,000's)	397.4	401.9	404.7	410.6	407.8	408.0	413.3	410.2	
% change	3.4	1.1	0.4	0.5	2.4	1.3	2.4	2.3	
Retail Sales	6.0	6.9	9.4	9.4	10.0	7.9	8.9	--	
New Motor Vehicle Sales	9.5	9.6	15.2	20.8	12.9	11.1	22.6	--	
Consumer Bankruptcies (level)	8,150	7,029	2,656	933	566	623	615	--	
% change	-18.4	-13.8	-15.7	-16.2	-16.5	-18.3	-16.6	--	
Business Sector									
NEW: Rigs Drilling (level)	207	286	252	459	336	141	88	130	196
% change	61.3	37.9	0.6	9.9	-7.5	14.4	4.5	7.3	17.6
Goods Exports (customs based)	12.6	16.3	12.3	16.4	9.0	20.2	3.1	--	
Energy	17.4	19.2	14.3	16.4	10.2	29.4	4.5	--	
Agriculture	14.3	21.4	19.8	18.5	36.1	16.3	10.8	--	
Total Farm Cash Receipts (quarterly)	-3.7	16.3	28.3	--	28.3	--	--	--	
Manufacturing Shipments	11.3	18.0	11.1	15.7	12.2	7.1	6.3	--	
Wholesale Trade	8.5	15.0	16.7	16.9	14.5	19.4	16.0	--	
Building Permits	1.2	11.8	19.0	22.6	39.9	40.6	36.0	--	
Residential	22.4	5.2	29.2	50.2	21.8	1.5	--	--	
Non-residential	-18.3	20.9	10.5	-5.9	64.6	157.8	--	--	
Business Bankruptcies (level)	308	264	112	35	19	30	28	--	
% change	-6.7	-30.2	-4.3	13.6	-26.9	17.6	27.3	--	

YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year.
[1] Unless otherwise indicated, all figures are year-over-year percentage change.
[2] Quarterly, annual numbers are presented on a census year basis (July 1 – June 30).
[3] Quarterly average of Calgary and Edmonton.
[4] Average of Calgary and Edmonton.

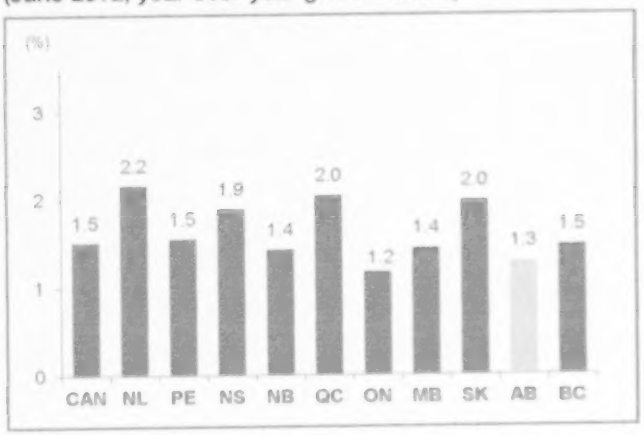
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

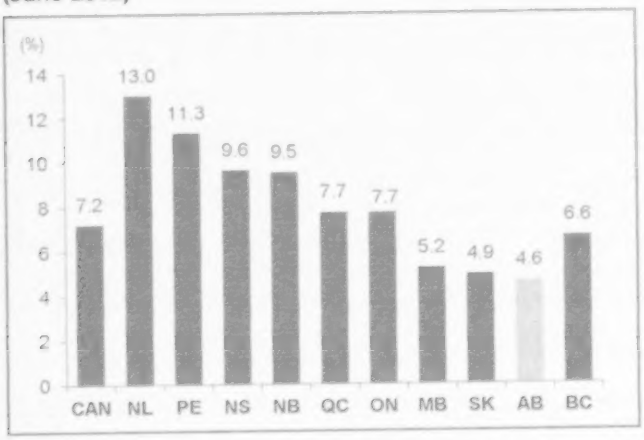
Real GDP Growth by Industry
(2011 preliminary estimates, year-over-year growth)



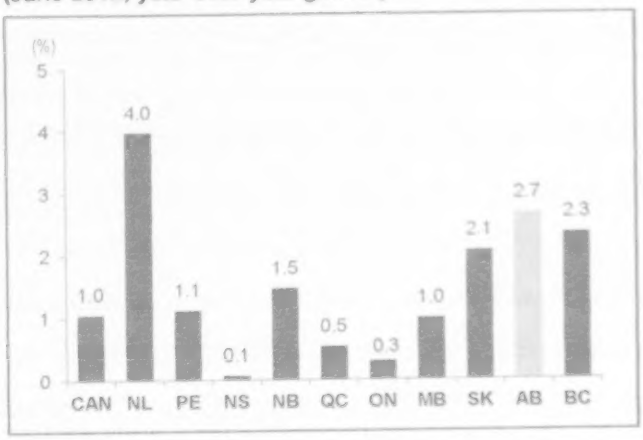
CPI Inflation
(June 2012, year-over-year growth in CPI)



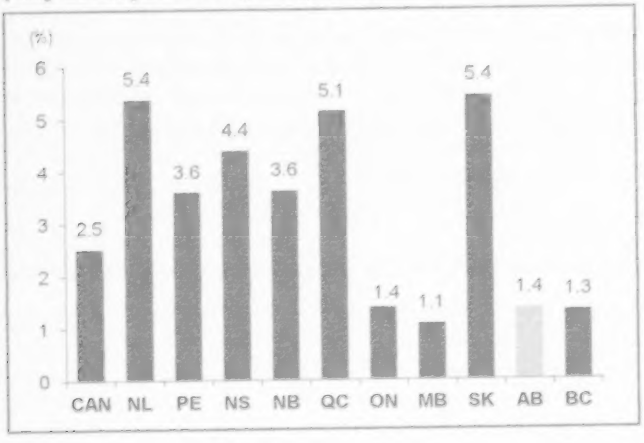
Unemployment Rate
(June 2012)



Employment
(June 2012, year-over-year growth)



Average Weekly Earnings
(May 2012, year-over-year growth)



Housing Starts
(June 2012, SAAR, year-over-year growth)